

Nestlé

Headquarters
Switzerland

Type of ownership
Public

Estimated percentage of Nestlé's global
F&B sales from BMS ①¹
8%

Estimated percentage of Nestlé's global
baby food sales from BMS ①²
67%

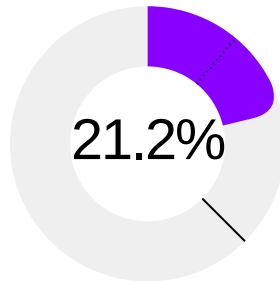
Countries covered in country studies
China/Germany/Indonesia/US/Viet Nam

Company also assessed in:



CF Index 2024

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BMS Marketing
Score 2024 ①³

..... Average score
| Highest score



Country Studies
Score ①⁴

6.6% 5 countries



Corporate Profile
Score

35.7%

Important:

The research findings regarding companies' performance in this Index are based on information shared by companies or gathered by service providers, in addition to information that is available in the public domain.

The level of detail and comprehensiveness of information shared by companies and gathered through external service providers varied. In the case of limited or no engagement by companies, this Index may not represent the full extent of their efforts. Similarly, in the case of limited data collected by service providers, the findings of this Index may not provide a comprehensive representation of company practices.

ATNI's research and Indexes do not assess compliance with local regulations or laws, but rather assess private sector performance against international standards and guidance.

BMS COUNTRY STUDIES



Country Studies
Score

6.6% 5 countries

The Country Studies component of the BMS and CF Marketing Indexes 2024 evaluates the extent to which a company's marketing practices align with specific provisions of the WHO Code (not against local Code-related regulations). The main marketing channels assessed in the Country Studies for the BMS and CF Marketing Indexes 2024 are online points-of-sale, traditional and online media outlets, and product labels, which were all assessed according to the NetCode protocol. Nestlé sells BMS products in all of the five countries selected for the assessment (China, Germany, Indonesia, US and Viet Nam) - which altogether represent >80% of Nestlé's estimated global BMS sales. The Country Studies results for Nestlé are summarized below for each country and across each marketing channel.

<https://new-l40rlzsq.accessnutrition.org/app/uploads/2024/03/Assessment-methods-and-scoring.pdf>

Country Studies overview

Nestlé	Country assessments			BMS market ^{1 5}	
	Total incidences of non-compliance across online, traditional media, and product labels ^{1 6}	Number of product labels assessed ^{1 7}	Company brands found	BMS market share	Proportion of Nestlé's global BMS sales
CHINA	44	30	NAN, Illuma, S-26, Belsol	10%	34%
GERMANY	32	28	Beba, Little Steps	23%	38%
INDONESIA	84	13	Dancow, Lactogen, S-26, NANKID	25%	7%
US	17	5	Gerber, Alfamino, NIDO, Cerelac	<5%	No information
VIET NAM	42	13	NAN	10%	<2%

Code compliance level



• A total of 219 incidences of non-compliance were found for Nestlé. Non-compliant marketing practices were found across online and traditional media channels assessed in all five countries. A total of 89 BMS product labels were assessed from various Nestlé brands.

• In China, where Nestlé's BMS sales account for approximately 10% of the total Chinese BMS market and approximately 34% of the company's global BMS sales, 44 incidences of non-compliance were found, of which 14 were within online media channels. All 30 product labels assessed contained one or more instances of non-compliance.

• In Germany, where Nestlé's BMS sales account for a relatively high share (~23%) of the total German BMS market and approximately 38% of the company's global BMS sales, 32 incidences of non-compliance were found, of which 2 were within online media channels and 2 on traditional media channels. All 28 product labels assessed contained one or more instances of non-compliance.

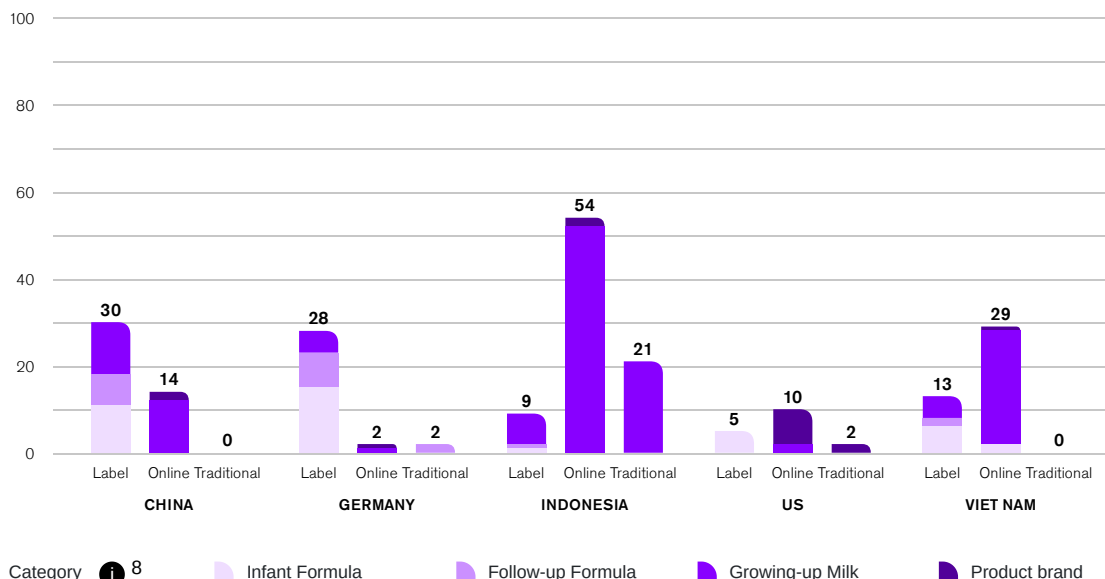
• The highest number of incidences of non-compliance

were found in Indonesia (84), where Nestlé has a relatively high share of the Indonesian BMS market (~25%) and which represents approximately 7% of the company's total global BMS sales. Of these observations, a total of 54 advertisements and promotions related to BMS brands were found online during the research period, and 21 advertisements were found on traditional media channels in Indonesia. Of the 13 product labels assessed, 9 contained one or more instances of non-compliance. It is notable that four products by Nestlé – 2 infant formulas and 2 follow-up formulas in Indonesia - were found to be in full compliance with the Code requirements on BMS product labels.

• A significantly lower number of incidences of non-compliance (17) were found for Nestlé in the US, which is not a major market for the company nor is it a major player. This could be explained by Nestlé's divestment from its Good Start infant formula brand in the U.S., which was sold to Perrigo late 2022. In total, 10 advertisements and promotions related to BMS brands were found online during the research period, two on traditional media and all five product labels assessed contained one or more instances of non-compliance.

Observed incidences of non-compliance with the Code per country

Absolute number of incidences of non-compliance



Main in-country findings

Nestlé's highest number of incidences of non-compliant marketing practices were found in Indonesia (84), followed by China (44), Viet Nam (42), Germany (32) and the United States (17).

Across all country assessments, the majority of incidences of non-compliance (109 out of 219) for Nestlé were identified through the social listening of online platforms. Many incidences of non-compliance were also attributed to inappropriate product labels (85). Most incidences of non-compliance found on traditional media were in Indonesia (21), with some also observed in Germany (2) and the U.S. (2). The incidences of non-compliance found online and on traditional media were largely concerning growing-up milks and advertisements of brands associated with BMS products, whereas non-compliant labels were found across all types of BMS.

Online findings

- Among the total incidences of non-compliance found online, only 5 related to point-of-sale promotions for growing-up milks found on online retailer platforms in Indonesia and Viet Nam, mainly in the form of discounts and gifts. There were no observations among the online retailers monitored in Germany and the US. Although promotions of Nestlé BMS products were found on the online retailer websites monitored in China, the company informed ATNI it had no contractual relationship with these retailers, thus the findings were excluded.

- The remaining 104 online observations were found on the company's local websites and social media platforms, with the highest number of findings in Indonesia (53) while only two online advertisements were found in Germany. Across all five countries, an average of two incidences of non-compliance were identified with each observation. Apart from advertising BMS – a non-compliance with the Code in itself – other common incidences found with those advertisements

included incentivizing the purchase of those products through offering giveaways, gifts, and prizes (especially observed in Germany and Viet Nam), as well as providing education and information about infant and young child nutrition and feeding, as found mainly in China, Indonesia, and the U.S. Other, but less common, observations include soliciting caregivers in Viet Nam to sign-up to online contests and the promotion of bottle feeding in China. The majority of advertisements also included claims, ranging from 50% of the identified advertisements in Germany and the US containing at least one type of claim to 96% in Indonesia.

Traditional media findings

- In total, 23 BMS advertisements by Nestlé were identified on television, 21 for growing-up milks in Indonesia and two BMS brand commercials in the US, whereas two advertisements of follow-up formula were found in printed magazines in Germany. All 25 advertisements had at least one type of claim.

BMS product label

- The number of Nestlé BMS products assessed ranged between five in the US up to 30 in China.
- For all Nestlé product labels assessed, at least one incident of Code non-compliance was observed, except for four products in Indonesia that met all requirements of the Code. The average number of incidences of non-compliance per product label assessed ranged from two in Indonesia to five in Viet Nam. Generally, more incidences of non-compliance on a label were identified in follow-up formula and growing-up milks.
- Over 86% of all the labels with one or more incidences of non-compliance were missing a statement on the importance of exclusive breastfeeding in the first six months and continued breastfeeding for up to two years or beyond. Most of the product labels assessed contained at least one claim (70 out of 89). The most common claim was nutritional claims, followed by health claims. Other common observations classified as non-compliant with the Code include idealization of the BMS product and marketing claims. Although the Code does not restrict the use of graphics for illustrating methods of preparation or for easy identification of products as BMS, it does restrict the use of other images that portray infants and caregivers, their health, and emotions, such as the parent and younger birds in the nest. In Germany and Viet Nam, several product labels

(16 and 12 respectively) did not state the need to only use the product on the advice of a health professional before deciding to feed with formula, irrespective of the age at which formula is introduced. Compared to the other countries, a key observation in Germany related to the labels of liquid formula products for pre-term infants. These are sold through healthcare channels in full cases that include the products and a leaflet with instructions for use. The labels of most of these products did not include important information about the product, as required by the Code. China was the only country where Nestlé BMS products did not have all the labelling information in the local language for seven products.

- It is worth noting that ATNI did not have the resources to collect products from the different markets and take pictures of their labels. In this iteration, ATNI's research was based on product label images from an external provider. For some products, images were not clear enough or did not show all parts of the package, thus ATNI asked the respective companies to provide images of the labels. While Nestlé provided images of product labels (as requested by ATNI) to help complete the assessments, it did not do so for all products. Therefore, incomplete assessments remained for seven products in China, two products in the U.S., and three products in Viet Nam. Since at least one incidence of non-compliance was identified from the existing images, these labels were counted as a non-compliant observation.

Recommendations

- It is notable that four products by Nestlé in Indonesia - were found to be in full compliance with the Code requirements on BMS product labels. ATNI encourages Nestlé and other companies to follow this example in Code compliance for all types of BMS products, without exception, in all markets.
- Given the substantial number of incidences of non-compliant marketing practices observed (219) across the five markets assessed, Nestlé is strongly encouraged to strengthen its responsible BMS marketing policies and ensure their full alignment with the recommendations of the Code and all subsequent relevant resolutions, including the guidance supported by WHA resolution 69.9. ATNI has developed a model company policy on the responsible marketing of BMS which can guide the company on how to incorporate Code provisions and align with the latest public health requirements in practice.
- Nestlé is urged to restrict the advertising and promotion of all types of BMS products and brands on all forms of media platforms globally. The company should also refrain from soliciting contact with

caregivers and providing education and information on infant and young child feeding across all platforms.

- Nestlé is strongly encouraged to take responsibility for monitoring its marketing practices beyond local regulations, according to the principles and the aim of the Code and subsequent relevant resolutions, and to take steps to ensure this includes online media channels.
- Among the officially contracted in-country online retailers monitored, point-of-sale promotions were found for growing-up milks, which is contrary to the requirements of the Code, specifically the guidance supported by WHA resolution 69.9 that extended the scope of the Code to growing-up milks. ATNI urges Nestlé to ensure its commitments are extended to include growing-up milks in all markets.
- Nestlé is strongly encouraged to cooperate fully with any future independent third-party assessments by providing clear and comprehensive product label images. Incomplete assessments can lead to inaccurate evaluations and hinder efforts to address

incidences of non-compliance effectively.

- ATNI is calling on Nestlé to review all incidences of non-compliance identified across all marketing

channels, which were shared in detail with the company, and to take corrective action in each of the markets.

BMS CORPORATE PROFILE



Corporate Profile
Score

35.7%

The Corporate Profile component of the BMS and CF Marketing Indexes 2024 evaluates the extent to which a company's policies align with various provisions of the Code, the effectiveness of its related management systems as well as the company's level of disclosure on commitments relating to BMS marketing. Nestlé's BMS marketing commitments were assessed across 11 topics that cover different aspects of the Code on which the company scored an average of 54%. This score is equivalent to the company's initial overall Corporate Profile score before a geographic penalty (if applicable) is applied to each BMS product type. The final Corporate Profile score considers how the company's BMS marketing commitments are applied for the different BMS product types sold by the company, and across different markets. As Nestlé sells infant formula, follow-up formula, and growing-up milks, the company's application of BMS commitments was evaluated for each product type, as shown in the next section on 'Geographic application of BMS commitments by product type'. The scores and findings on each topic are described in further detail in the section below on 'BMS Commitments by Topic'.

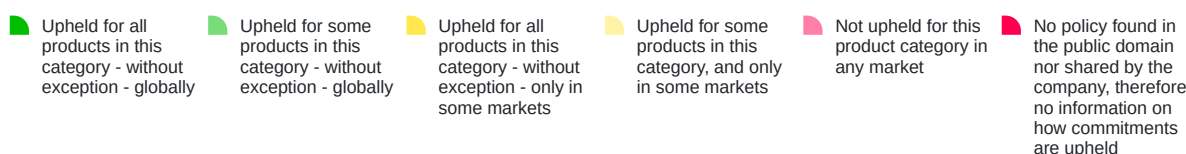
<https://new-l40rlzsq.accesstonutrition.org/app/uploads/2024/03/Geographic-penalty.pdf>

Geographic application by Nestlé of BMS commitments by product type

The table below shows the percentage of product sales where commitments are upheld and the geographic penalty applied to each type of BMS. The penalty ranges from 0% up to 90% depending on whether a company fully upholds its BMS marketing commitments in all or none of the countries in which it operates, respectively, where national Code regulations are absent or less stringent than the company's policies and standards.

Corporate Profile score before penalty ⁹	Product type	Percentage of Nestlé's global sales from markets where BMS commitments are upheld ¹⁰	Geographic penalty applied	Final Corporate Profile score
53.9%	Infant formula ¹¹	85%	13.5%	35.7%
	Follow-up formula ¹²	69%	27.9%	
	Growing-up milk ¹³	0%	90%	

Commitments are upheld



ATNI referred to Nestlé's 2021 Policy for Implementation of the WHO Code to assess how the company's BMS marketing commitments are upheld for each product type and in which markets. Euromonitor retail sales estimates were used to calculate the proportion of Nestlé's global product sales covered per BMS product type.

Infant formula

The company upholds its commitments for this product type globally, even where local Code regulations are absent or weaker than the company policy.

This is a notable improvement in the company's policy scope compared to the last assessment in 2021 when the policy was only upheld for infant formula in higher-risk countries.

Nestlé continues, however, to exclude these commitments from infant formulas for special medical purposes. Thus, commitments for infant formula products are upheld globally, but this only represents 85% of the company's global infant formula sales due to the exclusion of some types of infant formula which are for special medical purposes. The corresponding geographic penalty for this product type is 13%.

The Code does not distinguish between the different types of infant formula, therefore its provisions apply to all product types. To further improve the scope of the company's policy, ATNI encourages Nestlé to cover all infant formula, without exception, including formulas for special medical purposes.

Follow-up formula

The company only upholds its commitments for this product type in higher-risk countries, even if local Code regulations are absent or weaker than the company policy in those countries.

Nestlé also excludes these commitments from follow-up formulas for special medical purposes. Thus, commitments for follow-up formula products are only upheld in higher-risk markets, and for products that are not for special medical purposes, which represents 69% of the company's global follow-up formula sales. The corresponding geographic penalty for this product type is 28%.

To further improve the scope of the company's policy, ATNI encourages Nestlé to cover all follow-up formula, without exception, including formulas for special medical purposes, and in all markets.

Growing-up milk

The company does not apply its BMS marketing commitments to growing-up milks. This is evident from the country assessments where the majority of the observed incidences of non-compliance were

attributed to growing-up milk products.

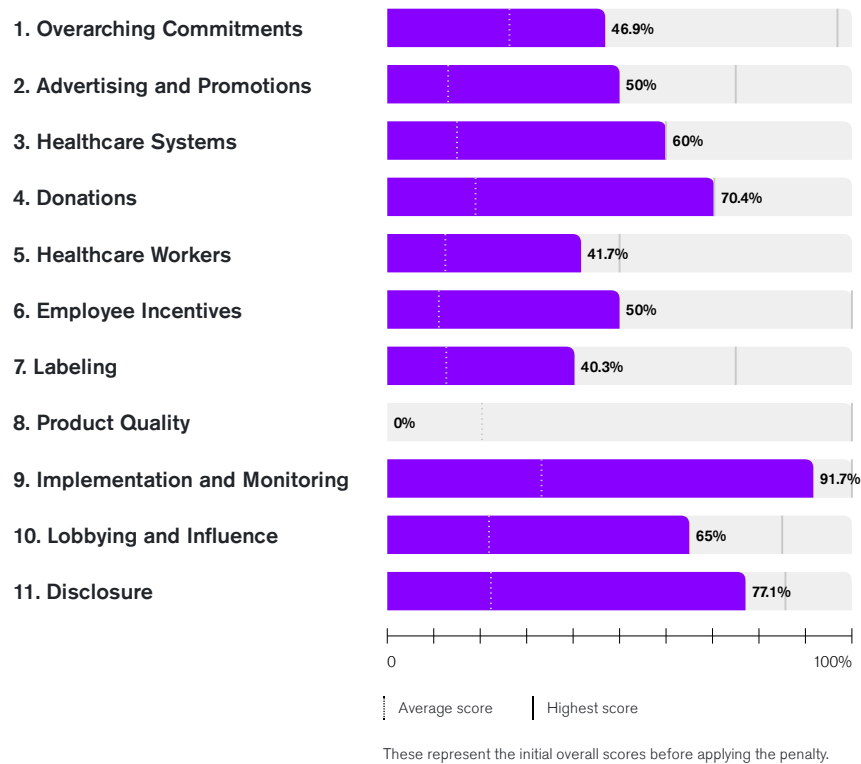
The corresponding geographic penalty for this product type is a maximum of 90%.

ATNI calls on Nestlé to consider the expanded definition of the Code, following the World Health

Assembly resolution 69.9 recommendations, to cover any milk products up to three years of age.

Based on the company's application of its BMS commitments to the different BMS product categories across its global markets, the final Corporate Profile score is 36%.

Topics Overview

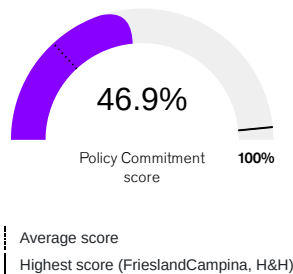


BMS commitments by topic

Most topics include assessments on both policy commitments and management systems, except for the topic on 'Implementation and Monitoring', which mostly considers management systems, and the topic 'Overarching Commitments', which considers policy commitments only. A separate topic assesses the level of disclosure and transparency practiced by companies on the different aspects of the Code.

1. Overarching Commitments

This topic consists of policy commitment indicators only.

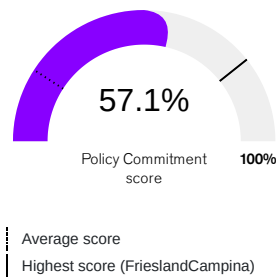


Policy Commitment

- Nestlé's overarching commitments to the Code had not changed since the 2021 assessment. The company continues to clearly state its support for exclusive breastfeeding in the first six months and continued breastfeeding to two years or beyond, as well as for the introduction of appropriate complementary foods from the age of six months.
- Although compared to the other companies assessed, Nestlé's overarching commitments are relatively well-aligned with the principles of the Code, the company still does not fully acknowledge the specifications to the Code provided by the World Health Assembly (WHA) in resolution 69.9 and the accompanying guidance on ending the inappropriate promotion of foods for infants and young children. WHA resolution 71.9, which calls for continued implementation of the recommendations of this guidance has not been acknowledged by the company either.
- Nestlé did not receive a full score on the new indicator that assesses whether companies apply their BMS marketing commitments to all types of formula, including formulas for special medical purposes. While the company does not consider products intended for the treatment of medical conditions as breast-milk substitutes, the Code regards all formulas for infants and young children as BMS, whether used to meet the normal nutritional or special medical needs of infants.

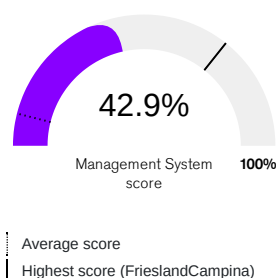
2. Advertising and Promotions

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé's policy commitments relating to advertising and the promotion of BMS, which are relatively well-aligned with the requirements of the Code, have not changed since the 2021 assessment.
- Compared to the last assessment in 2021, several of the indicators in this topic have been adapted to capture companies' explicit commitments in digital environments too, such as advertising on social media and point-of-sale promotions on online retail stores, as well as establishing contact with caregivers through baby clubs and social media groups – all actions that are not compliant with the Code.
- Nestlé is one of four companies that makes these explicit commitments, with the exception of establishing contact with caregivers through baby clubs as the company confirmed doing so in some markets to provide educational content, which the Code asks companies to refrain from. Nestlé is also advised to include explicit statements on which forms of media and channels BMS marketing commitments apply to, particularly on how they apply in the digital environment.
- Indicators were also revised to ensure accurate and complete inclusion of all recommendations of the guidance on ending the inappropriate promotion of foods for infants and young children supported by WHA resolution 69.9, for example by adding indicators to address cross-promotion of BMS products and educating caregivers on infant and young child feeding, both of which BMS companies should not do according to the Code. Nestlé did not score on these, considering the company's limited consideration of the WHA 69.9 guidance.
- Nestlé is encouraged to consider the gaps identified to revise its policy to better align with the requirements of the Code.

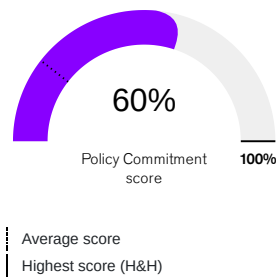


Management System

- Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees on the responsible marketing of BMS as outlined in the company's related policy(ies). The company does not fully score on management systems as it does not have all Code provisions in place. However, in regard to the commitments found for the company on public advertising and promotion of BMS that are in line with the Code, the guidance provided by the company to follow and apply these commitments is clear, complete and consistent across different markets, thus Nestlé scores on those elements.

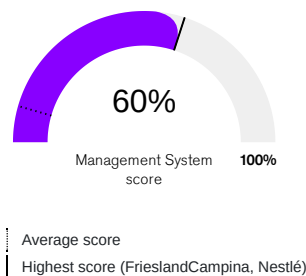
3. Healthcare Systems

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé's policy commitments relating to marketing BMS throughout the healthcare system, which are relatively well-aligned with the requirements of the Code, have not changed since the 2021 assessment.
- Compared to the last assessment in 2021, indicators were slightly revised to ensure an accurate assessment of recommendation 6 of the guidance supported by WHA resolution 69.9 to evaluate whether companies have explicit commitments in place not to use health facilities to host events of any kind nor to give out gifts or any other offering to caregivers of infants and young children, to avoid conflicts of interest. Similar to the 2021 assessment, and like most of the BMS companies assessed in this Index, Nestlé did not score on the indicators that capture these Code commitments that specifically relate to WHA resolution 69.9.
- Nestlé is one of only three companies among the 18 assessed to have scored on having explicit commitments not to provide or pay for 'professional service representatives' or similar personnel to work in the healthcare system.
- Nestlé is encouraged to consider the gaps identified to revise its policy to better align with the requirements of the Code.

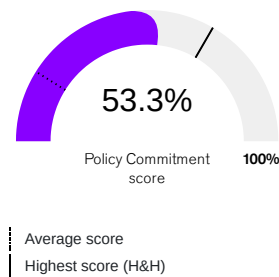


Management System

- Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees on the responsible marketing of BMS as outlined in the company's related policy(ies). The company does not fully score on management systems as it does not have all Code provisions in place. However, in regard to the commitments met by the company on marketing BMS throughout the healthcare system that are in line with the Code, the guidance provided by the company to follow and apply these commitments is clear, complete and consistent across different markets, thus Nestlé scores on those elements. Although it is one of two companies among the 18 assessed that score the highest on management systems in this topic, these can be improved by providing more concrete examples of what company personnel should or should not do in each context.

4. Donations

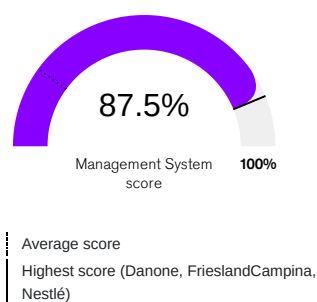
This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé's policy commitments relating to BMS donations within the healthcare system, in humanitarian settings and emergencies, and in social welfare institutions are partially aligned with the requirements of the Code.
- Compared to the last assessment in 2021, commitments on donations of BMS are now assessed in a separate topic and across several indicators, to ensure a more accurate assessment of the specific requirements relating to BMS donations.
- In regard to BMS donations, Nestlé has shown Code compliant commitments by stating that it would not provide free or low-cost supplies of the BMS products covered by its policy, as well as formulas for special medical purposes, unless officially requested by a competent government authority of the country affected by the emergency or by the designated emergency response coordinating body acting on behalf of the government. The company also has explicit requirements in place in the case of an official authoritative BMS donation request, including ensuring that distribution is targeted and not delivered directly to caregivers, and that supplies are based on identified need and are not expired or close to expiry.
- However, no explicit statement was found to guarantee that supplies will continue for as long as the infants concerned need them and to prohibit using such donations as a sales inducement.
- Similarly, although the company commits not to distribute BMS product donations or low-cost supplies for use outside of the social welfare institutions where infants and young children require them, it does not explicitly prohibit the use of such donations as a sales inducement as per Article 6.6 of the Code.
- Nestlé has also shown clear commitments regarding prohibiting the provision of free or reduced-price BMS products to caregivers through healthcare facilities for any reason, which aligns with the Code requirement specifically pertaining to recommendation 6 of the guidance supported by WHA resolution 69.9.
- However, Nestlé continues to provide BMS product samples for research and product evaluation purposes while according to the Code these should not be provided to healthcare institutions under any circumstances and for any reason, even if the products are not directly provided to consumers or patients.
- Nestlé also falls short of meeting the Code requirements on donations by allowing the provision of educational items (e.g. growth charts, educational booklets) to healthcare professionals, which is specifically addressed in recommendation 6 of the guidance supported by WHA resolution 69.9 to avoid due to potential conflict of interest.
- Nestlé is encouraged to consider the gaps identified to revise its policy to better align with the requirements of the Code.

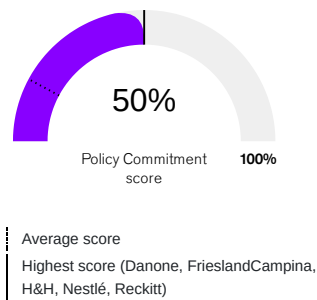
Management System



- In addition to Nestlé's publicly available 2017 Standard for Donations or Low-Cost Supplies for use in Emergencies and for Social Purposes, the company also shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees on the responsible marketing of BMS, as outlined in the company's related policy(ies). The company does not fully score on management systems since it does not have all Code provisions in place. However, in regard to the commitments met by the company on donations that are in line with the Code, the guidance provided by the company to follow and apply these commitments is clear, complete and consistent across different markets, thus Nestlé scores on those elements.

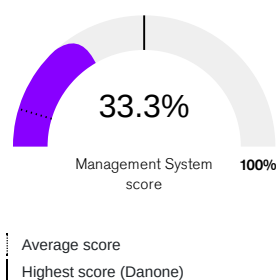
5. Healthcare Workers

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé's policy commitments relating to marketing BMS to healthcare workers, which are relatively well-aligned with the requirements of the Code, have not changed since the 2021 assessment.
- Compared to the last assessment in 2021, a new indicator was introduced for this topic to specifically assess the instructions provided to healthcare workers on the appropriate preparation of powdered formulas and if these are based on WHO/FAO guidelines and Codex Standards(as referenced by WHA resolutions 58.32 and 61.20. Nestlé did not score on this indicator and none of the 18 companies assessed met this requirement.
- Nestlé however is one of only four companies out of the 18 assessed to explicitly state that any material which contains information about formula use provided to health workers will include information on the social and financial implications of formula use and the health hazards of inappropriate feeding methods, unnecessary or improper use of BMS and their inappropriate preparation, as per the requirements of the Code.
- Two other indicators were slightly revised to ensure an accurate assessment of recommendation 6 of the guidance supported by WHA resolution 69.9 to evaluate whether companies have explicit commitments in place not to offer any financial or material inducements (no gifts or incentives of any form or value) to healthcare workers or their families, and not to sponsor any scientific meetings, fellowships, study tours, and research grants for health professionals, to avoid conflicts of interest. Similar to the 2021 assessment, and like most of the BMS companies assessed in this Index, Nestlé did not score on these indicators that capture the Code commitments that specifically relate to WHA resolution 69.9.
- Nestlé is encouraged to consider the gaps identified to revise its policy to better align with the requirements of the Code.

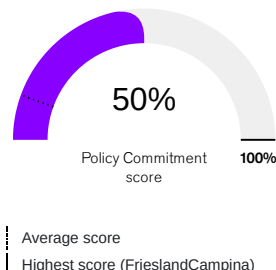


Management System

- Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees on the responsible marketing of BMS as outlined in the company's related policy(ies). The company does not fully score on management systems as it does not have all Code provisions in place. However, in regard to the commitments met by the company on marketing BMS to healthcare workers that are in line with the Code, the guidance provided by the company to follow and apply these commitments is clear, complete and consistent across different markets, thus Nestlé scores on those elements. However, these can be improved by providing more concrete examples of what company personnel should or should not do in each context.

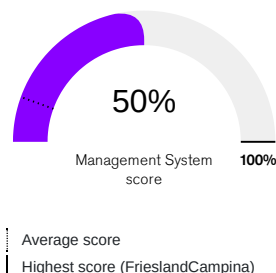
6. Employee Incentives

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé's policy commitments that address the incentives of company employees involved in BMS marketing, which are relatively well aligned with the requirements of the Code, have not changed since the 2021 assessment.
- The company explicitly commits not to base bonuses and incentives for sales staff, medical delegates, and other marketing personnel on the volume of sales of the BMS products it covers in its policy, as per Article 8 of the Code. Instead, the company rewards compliance with the requirements of the company's BMS marketing policy, which is encouraged.
- However, similar to the assessment for the previous BMS/CF Marketing Index 2021, it was found that the company's bonus payments could be based on measures of market share, which is why the company did not fully score.

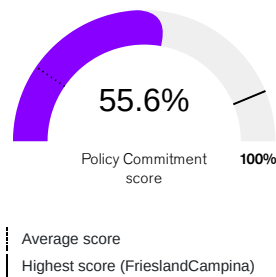


Management System

- Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide personnel on the basis of determining employee incentives as outlined in the company's related policy(ies). The company does not fully score on management systems as it does not have all Code provisions in place. However, in regard to the commitments met by the company on employee incentives that are in line with the Code, the guidance provided by the company to follow and apply these commitments is clear, complete and consistent across different markets, thus Nestlé scores on those elements. It is one of three companies out of the 18 assessed that provides clear instructions to staff on how to interpret and apply relevant commitments on bonus calculations. Related procedures, however, can be improved by ensuring they are as complete and consistent across all markets.

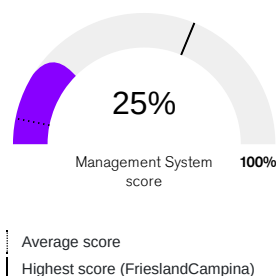
7. Labeling

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé's policy commitments relating to the labeling of BMS products, which are relatively well-aligned with the requirements of the Code, have not changed since the 2021 assessment.
- Compared to the last assessment in 2021, the information required by the Code on labels of powdered formula are assessed in more detail to evaluate whether companies have specific commitments covering each requirement as per WHA resolutions 58.32 and 61.20. Although Nestlé was found to have broad commitments on requirements for powdered formula labels, such as stating the hazards of inappropriate preparation and using graphics to illustrate appropriate methods of preparation, the company did not fully score on this indicator as no information was found specifying the rest of the requirements.
- Although the company was found to have explicit commitments pertaining to the requirements described in Article 9 of the Code, it did not fully score on some, particularly where no commitments were found on ensuring the appropriate age range is stated on the labels. Commitments were also not found for Nestlé that cover the Code labeling requirements strengthened by the guidance on ending the inappropriate promotion of foods for infants and young children that is supported by WHA resolution 69.9.
- Nestlé continues to not explicitly commit that it will not place any health or nutrition claims on its BMS products, unless specifically provided by local legislation, as per WHA resolutions 58.32, 63.23 and 69.9.
- Nestlé is encouraged to consider the gaps identified to revise its policy to better align with the requirements of the Code.

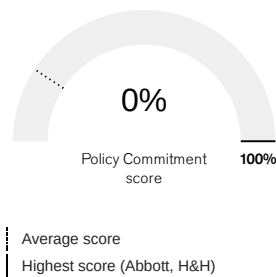


Management System

- Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees on the responsible marketing of BMS as outlined in the company's related policy(ies). The company does not fully score on management systems as it does not have all Code provisions in place. However, in regard to the commitments met by the company on labeling BMS products that are in line with the Code, the guidance provided by the company to follow and apply these commitments is clear, complete and consistent across different markets, thus Nestlé scores on those elements. Related procedures, however, can be improved by ensuring they outline clear standards of practice.

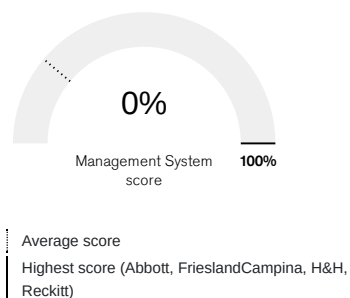
8. Product Quality

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Compared to the BMS/CF Marketing Index 2021, companies' commitments on this topic are evaluated in more detail to ensure their commitments relating to Article 10 of the Code are accurately assessed.
- In this iteration, Nestlé did not score on this topic since not all relevant Codex standards relating to the quality of BMS products were explicitly stated. This is because the company does not specify which Codex standards relating to BMS products would apply at a minimum.
- Nestlé is encouraged to explicitly state which specific Codex standards it follows at a minimum for clear reference.

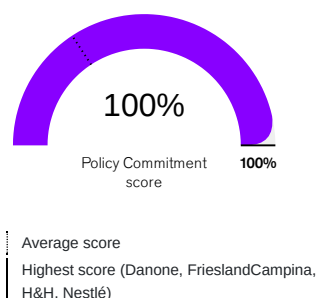


Management System

- Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees on the responsible marketing of BMS as outlined in the company's related policy(ies). The company did not score on management systems as it did not meet the policy commitments in full.

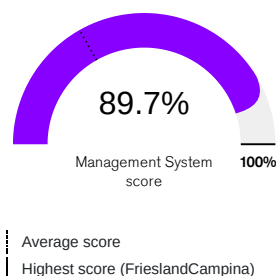
9. Implementation and Monitoring

This topic consists of policy commitment indicators and management system indicators. The policy commitment indicators contribute to 20% of the topic score, while 80% of the weight of the score is attributed to management system indicators.



Policy Commitment

- Nestlé's policy commitments relating to monitoring compliance of its marketing practices to the principles of its BMS marketing policy have not changed since the 2021 assessment. The company was found to have all commitments assessed in place, which specifically pertain to Article 11 of the Code.

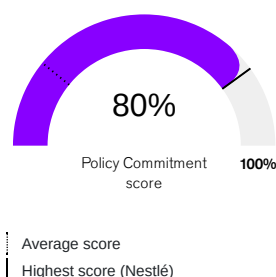


Management System

- Similar to the 2021 assessment, Nestlé shared – under NDA - global staff training materials and some local procedure manuals developed by the company to guide its employees and contractual third-parties on the responsible marketing of BMS as outlined in the company's related policy(ies), as well as effective monitoring and management of incidences of non-compliance with the company policy(ies). The company also clearly assigns executive responsibilities and oversight to ensure the effective implementation of its BMS marketing policy.
- Some local procedures and training materials were found dedicated to third parties that have a contractual relationship with Nestlé, including distributors and retailers, outlining their responsibilities to follow Nestlé's BMS marketing policy. However, contractual third-party responsibilities were not found in every local guidance shared by the company, thus Nestlé did not fully score on this aspect.
- To improve its score on this topic, Nestlé is encouraged to ensure that contractual third-parties' responsibilities to appropriately market BMS are clearly defined and communicated in every market where Nestlé's BMS products are sold, including providing them with guidance on monitoring practices and taking corrective action if incidences of Code non-compliance are identified.

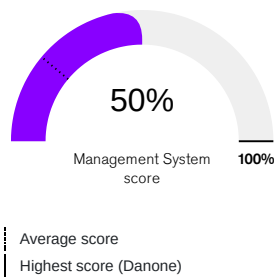
10. Lobbying and Influence

This topic consists of policy commitment indicators and management system indicators. Each set of indicators contributes an equal weight of 50% each to the topic score.



Policy Commitment

- Nestlé has a publicly available policy on transparent interaction with authorities and organizations which is also applied when engaging on issues relating to BMS and the Code. Based on this policy, Nestlé continues to cover the relevant commitments assessed in this topic.
- Based on the information found on Nestlé's website and the official assessment of the company's response to the BMS Call to Action, ATNI acknowledges that Nestlé is shown to support regulating the promotion of BMS intended for infants from birth up to 12 months globally.
- However, ATNI encourages Nestlé to further commit to supporting legislation that is fully aligned with the Code for all BMS products intended from birth up to 36 months of age globally.

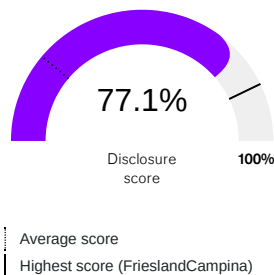


Management System

- Based on Nestlé's related policies, the company clarifies that the company's board has oversight of its policy on transparent interaction with authorities and organizations, and that it names an executive function with the responsibility of implementing this policy.
- However, no evidence was found in the public domain, nor provided by the company, indicating that clear systems are in place on control mechanisms to ensure effective implementation of this policy, such as reporting and internal audits. To receive a full score on this topic, Nestlé is encouraged to improve on this aspect.

11. Disclosure

This topic consists of disclosure indicators only.



Disclosure

- In regard to commitments that were found for Nestlé that are in line with the Code, the level of disclosure on these commitments and on the company's compliance with its BMS marketing policy is relatively high and has not changed since the 2021 assessment.
- Areas where Nestlé can improve on this topic include disclosing the full auditor reports, and not just summaries of them, on the company's compliance with its BMS marketing policy, as well as disclosing each complaint or criticism made by stakeholders on the company's BMS marketing and explaining how Nestlé responds to each of those rather than providing a general public statement.
- Since the last BMS/CF Marketing Index 2021, a few indicators have been added to further assess companies' level of disclosure in lobbying on BMS marketing issues and the Code. Similar to the 2021 assessment, Nestlé falls short in disclosing lobbying-related activities. No information was found in the public domain of an assessment of the company's compliance with its policy on lobbying and interactions with public authorities. Like most companies assessed in this iteration, no information was found either on Nestlé's website of its interactions, or that of its trade associations, in legislative processes related to the Code and BMS marketing, nor of links to relevant external platforms that may include this information. Although Nestlé publicly discloses following the principles of the Code and the Responsible Lobbying Framework, ATNI advises the company to also follow other key public policy frameworks in private sector engagement and lobbying such as the WHO framework of engagement with non-state actors and OECD principles for transparency and integrity in lobbying, among others.
- Nestlé is encouraged to consider the gaps identified in its level of disclosure and have this information available and easily accessible in the public domain.

Footnotes

1. BMS stands for breast-milk substitutes which include any milks (or products that could be used to replace milk, such as fortified soya milk alternatives), in either liquid or powdered form, that are specifically marketed for feeding infants and young children up to the age of three years. These include: - Infant formula (IF) - Follow-up formula (FUF) - Growing-up milk (GUM) It is important to note that the Code never made exceptions to formulas for special medical purposes therefore these products are also included within the scope of ATNI's studies. Bottles and teats however are not included in ATNI's assessments as these products generally would not be manufactured by food and beverage companies.
2. 33% of Nestlé's global baby food sales are derived from complementary foods.
3. The Country Study score and Corporate Profile score each contribute to 50% of Nestlé's BMS Marketing Index score.
4. This represents the average score of five country assessments: China, Germany, Indonesia, Viet Nam, United States.
5. Based on 2021 Euromonitor retail sales estimates.
6. Incidences of non-compliance include non-compliant labels and observations from online and traditional media.
7. Where companies engaged, these numbers should represent the number of products confirmed to be marketed in these countries as communicated by the companies to ATNI. It is possible however that the number of products and brands assessed are not representative of each of the assessed markets, due to limitations in data collection and limited company engagement.
8. - Infant formula is a BMS product intended for infants younger than six months of age. - Follow-up formula is a BMS product intended for older infants between six months up to one year of age. - Growing-up milks or toddler milks are BMS products intended for young children between one to three years of age. - Product brand relates to observations where no age is specified on a product or no specific product is promoted, but the observation is associated with a BMS brand.
9. This is the company's average score on the 11 topics.
10. Euromonitor retail sales estimates (2021 data) were used to calculate the proportion of companies' global product sales covered per product type. It is important to note however that the underlying data used for the calculations may not be fully representative of the company's markets. Euromonitor International intelligence is used under license. Although Euromonitor aims to correct inaccuracies of which it is aware, it does not warrant that the data will be accurate, up-to-date or complete as the accuracy and completeness of the data and other content available in respect of different parts of the content will vary depending on the availability and quality of sources on which each part is based.
11. Product weighting: 45%
12. Product weighting: 35%
13. Product weighting: 20%